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**TAX COMPLIANCE AGREEMENT**

\$10,100,000

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
ADJUSTABLE RATE INDUSTRIAL BUILDING REVENUE BONDS, SERIES 2008  
(ST. MARY ACADEMY PROJECT)

March \_\_\_, 2008

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## **TAX COMPLIANCE AGREEMENT**

THIS TAX COMPLIANCE AGREEMENT dated March \_\_, 2008, entered into among LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (the “Issuer”), ROMAN CATHOLIC BISHOP OF LOUISVILLE, doing business as St. Mary Academy (the “Borrower”), and THE BANK OF NEW YORK TRUST COMPANY, N.A., as trustee, and any successor thereto as trustee under the hereinafter defined Indenture (the “Trustee”);

### **WITNESSETH:**

WHEREAS, this Agreement is being executed and delivered in connection with the issuance of the Louisville/Jefferson County Metro Government Adjustable Rate Industrial Building Revenue Bonds, Series 2008 (St. Mary Academy Project) (the “Bonds”); and

WHEREAS, the Bonds are issued under and secured by a Trust Indenture dated as of March 1, 2008 (the “Indenture”) between the Issuer and the Trustee; and

WHEREAS, the following certifications are made pursuant to Sections 141, 145, 147, 148, 149 and 150 of the Code and the applicable Regulations, including, in particular, Regulations Section 1.148-2(b), in order to establish the reasonable expectations of the Issuer on the date hereof with respect to the amount and use of the proceeds of the Bonds; and

WHEREAS, the parties hereto have determined to enter into this Agreement in order to assure that these requirements are fully satisfied on a continuous basis, all with the intended effect of preserving the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Borrower and the Trustee (subject to the limitations set forth in Section 11.3) hereby represent and agree as follows:

### **ARTICLE I Definitions**

Capitalized terms used herein have the meanings set forth in the recitals preceding this Article I; in Exhibit A, attached hereto and made a part hereof; or in Article I of the Indenture. Other words and phrases used herein have the same meanings as in the Code and Regulations, unless another meaning is apparent from the context.

### **ARTICLE II The Bonds; General Matters**

Section 2.1. Terms. The Bonds are dated the date hereof, are in the aggregate principal amount of \$10,100,000, mature on March 1, 2038, and initially bear interest at a Weekly Interest Rate.

Section 2.2. Purpose. Pursuant to the Indenture, the Bonds are being issued for the purpose of financing a portion of the costs, including refinancing indebtedness the proceeds of which were used to pay costs, of the acquisition of land at Brownsboro Road (Kentucky Highway 22) and

Schuler Lane in Norton Commons within the Louisville/Jefferson County Metro and the construction thereon of buildings containing classrooms, a cafeteria, meeting rooms, and office space for use and occupancy by the Borrower in furtherance of its nonprofit purposes of providing elementary and pre-school education (the "Project", as hereinafter more particularly described).

Section 2.3. No Federal Guaranty. The Bonds are not and will not be guaranteed (in whole or in part), directly or indirectly, by the United States or any of its agencies or instrumentalities.

Section 2.4. Registration. The Bonds are issued only as fully registered bonds, without coupons, and are transferable only upon the registration books maintained by the Trustee.

Section 2.5. Purchase Price. The Bonds were sold by the Issuer through the Underwriter to the initial purchaser(s) therefor for a purchase price of \$10,100,000.

Section 2.6. Not Hedge Bonds. The Bonds are not "hedge bonds" within the meaning of Section 149(g) of the Code and Section 1.149(g)-1 of the Regulations because the Issuer reasonably expects that at least 85% of the Spendable Proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issuance Date and (ii) not more than 50% of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more.

Section 2.7. Form 8038. (a) The Issuer represents that, based on information provided by or on behalf of the Borrower, it has completed, executed and filed or caused to be filed with the Internal Revenue Service an Information Return for Tax-Exempt Private Activity Bond Issues (Internal Revenue Service Form 8038) with respect to the Bonds, a copy of which is included in the Transcript of Proceedings.

The Borrower represents that the information contained in Parts IV and V of the Form 8038 included in the Transcript of Proceedings is true, correct and complete.

Section 2.8. Maturity Limitation. In the certificate attached hereto as Exhibit E, the Underwriter has calculated the average maturity of the Bonds, assuming the optional redemption of Bonds required pursuant to the Reimbursement Agreement, to be not more than \_\_\_\_ years. Based on the certificate attached hereto as Exhibit F, the average reasonably expected economic life of the assets to be financed with the Proceeds of the Bonds (i.e., the Project) is not less than \_\_\_\_ years. On the basis of these certificates, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the assets to be financed with the Net Proceeds of the Bonds.

Section 2.9. No Imputed Proceeds. There are no "imputed proceeds" of the Bonds within the meaning of Section 1.103-8(a)(6) of the Regulations because (a) the Bonds do not have a stated rate of interest that increases over the term of the Bonds, and (b) the price at which the Bonds were offered to the public, as set forth in Exhibit E, is 100% of the principal amount of the Bonds.

Section 2.10. Qualified Tender Bonds. The Bonds are "qualified tender bonds," within the meaning of Internal Revenue Service Notice 88-130, because, among other things:

(a) interest on the Bonds is set at a rate that permits the Bonds to be marketed and remarketed at par;

(b) the final stated maturity date of the Bonds is less than 35 years from the date hereof; and

(c) as shown above, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the property to be financed with the Proceeds of the Bonds.

### **ARTICLE III**

#### **The Project**

Section 3.1. Description of Project. Attached hereto as Exhibit B is a description of the expenditures comprising the Project.

Section 3.2. Principal Users. The only person who is now or who is in the future intended or expected to be a Principal User of the Project is the Borrower.

Section 3.3. Sale or Transfer. The Borrower has no present plan or intention to sell, lease or transfer all or any portion of the Project.

Section 3.4. Management Contracts. The Borrower has not entered into and shall not enter into, prior to the date that the last of the Bonds is retired, any management or service contract with any entity (the "Management Entity") other than a 501(c)(3) Organization with respect to any portion of the Project unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such successor authority as may exist at the time. Generally, Revenue Procedure 97-13 requires that:

(a) the Management Entity receive reasonable compensation under the contract for services rendered;

(b) the Management Entity not be compensated (in whole or in part) on the basis of a share of net profits;

(c) the maximum term and cancellation provisions be as set forth in the table below for the applicable type of compensation:

<u>Type of Compensation</u>	<u>Maximum (including renewal options)</u>	<u>Cancelable at End of</u>
Periodic Fixed Fee (at least 95%)	15 years*	No cancellation provision required
Periodic Fixed Fee (at least 80%)	10 years*	No cancellation provision required
Periodic Fixed Rate (at least 50%)	5 years	3 <sup>rd</sup> year
Per Person	5 years	3 <sup>rd</sup> year

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\* But not in excess of 80% of the reasonably expected useful life of the Project.

Per Unit	3 years	2 <sup>nd</sup> year
Percentage of Revenues or Expenses	2 years	1 <sup>st</sup> year

(d) not more than 20% of the voting power of the governing body of the Borrower be vested in the Management Entity and its directors, officers, shareholders and employees and vice versa, and the overlapping board members not include the chief executive officers of the Management Entity and the Borrower; and

(e) the Borrower and the Management Entity not be members of the same controlled group, within the meaning of Section 1.150 1(e) of the Regulations, or related persons, within the meaning of Section 144(a)(3) of the Code.

Section 3.5. Completion of Project. (a) The Borrower has incurred substantial binding obligations with respect to the Project equal to at least 5% of the Net Sale Proceeds of the Bonds, (b) acquisition, construction, and installation of the Project has commenced and will proceed with due diligence to completion, and (c) it is expected that at least 85% of the Net Sale Proceeds of the Bonds will be expended prior to the date that is three years from the date hereof.

Section 3.6. 501(c)(3) Organization. As evidenced in the Certificate of Borrower included in the Transcript of Proceedings, the Borrower has been recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Code through the Borrower's inclusion in a group exemption letter under that Section issued to its central organization. The Borrower will maintain its status as a 501(c)(3) Organization as long as any of the Bonds remain Outstanding.

Section 3.7. \$150,000,000 Limit. All of the net proceeds of the Bonds are to be used to finance or refinance capital expenditures incurred after the date of enactment (August 5, 1997) of paragraph (5) of Section 145(b) of the Code. Therefore, the \$150 million limitation of Section 145(b) of the Code is not applicable to the Bonds by virtue of Section 145(b)(5) of the Code.

#### **ARTICLE IV**

##### **Sources and Uses of Proceeds**

Section 4.1. General Statement of Uses. All the Proceeds will be used to pay or reimburse Qualified Project Costs of the Project.

Section 4.2. Limitations on Private Business Uses, Payments and Security Interests.

(a) Not more than 5% of the Proceeds of the Bonds will be used, directly or indirectly, in an Unrelated Trade or Business.

(b) Not more than 5% of the debt service on the Bonds will be derived, directly or indirectly, from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used in an Unrelated Trade or Business.

(c) Not more than 5% of the debt service on the Bonds will be secured, directly or indirectly, by any interest in property used or to be used in an Unrelated Trade or Business or by any interest in payments in respect of such property.



(d) Not more than the lesser of 5% or \$5,000,000 of the Proceeds of the Bonds will be used (directly or indirectly) to make or finance loans (or any arrangement treated as the economic equivalent of a loan under Federal income tax principles) to any person other than a 501(c)(3) Organization for use in its activities other than any Unrelated Trade or Business.

(e) Not more than 5% of the Proceeds of the Bonds will be used (directly or indirectly) to finance the acquisition of any output property (within the meaning of Section 141(d) of the Code).

(f) Exhibit C hereto sets forth rules that apply for purposes of this Section.

#### Section 4.3. Prohibited Uses.

(a) No portion of the Proceeds will be applied to provide any airplane, skybox or other private luxury box; any facility primarily used for gambling; any store the principal business of which is the sale of alcoholic beverages for consumption off premises; or any health club facility which is used in an Unrelated Trade or Business of a 501(c)(3) Organization.

(b) None of the Net Proceeds will be used, directly or indirectly, to provide residential rental property for family units.

(c) No portion of the Project shall at any time be used by the Borrower as a place of religious worship.

#### Section 4.4. Working Capital Expenditures.

All of the costs of the Project will be of a type, as of the date of their payment, that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles, except for any of the following:

(i) any issuance costs of the Bonds, or “qualified administrative costs” on investments (within the meaning of Section 1.148-5(e)(2)(i), (2)(ii) or (3)(ii)(A) of the Regulations);

(ii) fees for “qualified guarantees” of the Bonds or payments for a “qualified hedge” of the Bonds (as defined in the Regulations);

(iii) capitalized interest for a period commencing on the Date of Issuance and ending no later than the date that is the later of three years from the Date of Issuance or one year after the Project is placed in service;

(iv) amounts paid to the United States for arbitrage rebate payments, yield reduction payments or penalty in lieu of rebate payments;

(v) costs (other than those described in (i) through (iv) above) that do not exceed 5% of Sale Proceeds and are directly related to capital expenditures financed by the Bonds;

(vi) payments of principal of or interest on the Bonds paid from unexpected excess Sale Proceeds or Investment Proceeds;

(vii) payments of principal of or interest on the Bonds paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and

(viii) expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments, in amounts in excess of reasonable insurance coverage (but only after reserves maintained for such purpose have been expended).

Section 4.5. Allocation of Proceeds to Prior Expenditures. Proceeds in the amounts shown below will be allocated to the reimbursement of the Borrower for expenditures made prior to the date hereof in connection with the Project (exclusive of the Proceeds of the Bonds to be used to prepay the Prior Debt), as will be set forth in further detail in one or more disbursement requests that the Borrower will submit to the Trustee pursuant to the Loan Agreement ("Prior Expenditures"). Each allocation complies with the applicable requirements set forth in Exhibit D hereto, as follows:

Current Law Expenditures:	\$174,800
Transition Rule Expenditures:	-0-
<i>De Minimis</i> Expenditures:	<u>-0-</u>
TOTAL	<u>\$174,800</u>

No amounts other than the Prior Expenditures set forth above will be withdrawn from the Project Fund to reimburse the Borrower for amounts paid by the Borrower prior to the date hereof.

An official intent resolution adopted by the Borrower with respect to the Current Law Expenditures is attached hereto as Exhibit D-1.

Section 4.6. Costs of Issuance. Not more than 2% of the proceeds of the Bonds will be used to pay Costs of Issuance.

Section 4.7. Current Refunding of Prior Debt. Proceeds of the Bonds in the amount of \$2,500,000.00 will be expended to prepay the Prior Debt on the Issuance Date. The portion of the Bonds allocable to such prepayment will therefore be a current refunding issue rather than an advance refunding issue within the meaning of Section 149(d)(5) of the Code. There are no remaining unspent proceeds of the Prior Debt.

## **ARTICLE V**

### **Funds**

#### **Section 5.1. Indenture Funds; Redemption Sinking Fund.**

(a) The Indenture establishes the following Funds:

(i) Bond Fund, for the deposit of all amounts to be used to pay the principal of or interest on the Bonds, including amounts drawn under the Letter of Credit for such purpose;

(ii) Project Fund, for the deposit of Proceeds to be used to pay for costs of the 2008 Project as provided in Section 3.4 of the Loan Agreement; and

(iii) Remarketing Reimbursement Fund, to be held by the Trustee, for the deposit of remarketing proceeds or amounts drawn under the Letter of Credit to be used to pay the purchase price of tendered Bonds.

(b) A Redemption Sinking Fund is established under the Reimbursement Agreement, for the deposit therein by the Borrower of the amount required and to be used to reimburse the Bank for drawings on the Letter of Credit to redeem Bonds on March 1 of each year, commencing March 1, 2011 and continuing to and including March 1, 2033, as provided in Section 3(b) of the Reimbursement Agreement.

(c) Earnings on amounts on deposit in the Bond Fund, the Project Fund and the Redemption Sinking Fund shall be credited to and retained in each such respective Fund to be disbursed for the purpose of each such Fund. Amounts on deposit in the Remarketing Reimbursement Fund will be held uninvested therein until disbursed for the purpose of such Fund.

Section 5.2. Application of Sale Proceeds. Pursuant to Section 5.01 of the Indenture, the Issuer is remitting to the Trustee, on the date hereof, all of the Sale Proceeds of the Bonds for deposit in the Project Fund. Disbursement shall thereafter be made from the Project Fund pursuant to Section 5.01 of the Indenture to pay Qualified Project Costs of the Project as stated in Section 3.5 hereof.

## **ARTICLE VI**

### **Public Approval**

Section 6.1. Public Notice. As evidenced by an affidavit of publication included in the Transcript of Proceedings, notice of the public hearing described in Section 6.2 hereof was published on March 10, 2008 in *The Courier Journal*, a newspaper of general circulation within the boundaries of the Issuer which is also the jurisdiction within which the Project located.

Section 6.2. Public Hearing. On March 24, 2008, the Jefferson County Attorney or one of his assistants, as the hearing officer appointed by the Issuer, conducted a public hearing with respect to the Bonds which was open to the public and an opportunity was provided at the hearing for all interested persons to comment on the proposed issuance of the Bonds and the nature and location of the Project. The minutes of the public hearing are included in the Transcript of Proceedings.

Section 6.3. Public Approval. The issuance of the Bonds was approved by the Metro Council of the Issuer, the elected legislative body of the Issuer, as evidenced by the Bond Ordinance included in the Transcript of Proceedings.

## **ARTICLE VII**

### **Bond Yield**

Section 7.1. Aggregate Issue Price. As set forth in Exhibit E hereto, the Issue Price of the Bonds is \$10,100,000.

Section 7.2. Bond Yield. The Bonds initially bear a variable rate of interest (i.e., a rate that is not fixed to the maturity date); therefore, the Bond Yield has not been computed. Pursuant to the Letter of Credit, the Bank will provide for the payment of the principal and interest on the Bonds and the purchase price of Bonds tendered for purchase in accordance with the terms thereof. The Letter of Credit constitutes a “qualified guaranty” within the meaning of Section 1.148-4(f) of the Regulations, as evidenced by the certifications contained in Exhibit G.

Section 7.3. Yield on Loan Agreement and Note.

(a) The Issuer hereby exercises its right to treat the Loan Agreement and the Note as a “program investment” within the meaning of Section 1.148-1(b) of the Regulations. The program involves the origination or acquisition of “purpose investments” (within the meaning of the Regulations), at least 95% of the costs of which represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) Organizations, persons who provide housing and related facilities, or any combination of the foregoing.

(b) The Borrower (or any Related Person) shall not purchase any Bonds in an amount related to the amount of the Loan Agreement or the Note.

(c) At least 95% of the amounts to be received by the Issuer with respect to the Loan Agreement will be used for one or more of the following purposes: (i) to pay the principal of or interest on, or otherwise to service, the Bonds; (ii) to reimburse the Issuer for, or to pay, the administrative costs of issuing the Bonds; (iii) to reimburse the Issuer for, or to pay, the administrative and other costs, and anticipated future losses, directly related to the program financed by the Bonds; (iv) to finance additional “purpose investments” (within the meaning of the Regulations) for the same general purpose as the program financed by the Bonds; or (v) to redeem and retire the Bonds at the next earliest possible date of redemption.

(d) The amounts to be paid by the Borrower under the Loan Agreement do not exceed the amounts necessary to enable the Issuer to make timely payments of principal of, premium, if any, and interest on the Bonds. The Yield of the Loan Agreement therefore does not exceed the Bond Yield plus 1.5%.

**ARTICLE VIII**  
**Non-Arbitrage Certifications**

Jerry Abramson, Mayor of the Issuer, hereby certifies on behalf of the Issuer, in reliance solely upon the representations of the Borrower and the advice of Bond Counsel, as follows: He is the duly elected Mayor of the Issuer and, along with other officials of the Issuer, he is charged with the responsibility of issuing the Bonds. On behalf of the Issuer, the Mayor makes the following certifications pursuant to Section 148 of the Code and the applicable Regulations, including, in particular, Regulations Section 1.148-2(b), in order to establish the reasonable expectations of the Issuer on the date hereof with respect to the amount and use of the Proceeds.

Section 8.1. Overissuance. The Bonds are being issued in an amount not exceeding the amount expected to be necessary to pay the costs of the Project.

Section 8.2. Single Issue. There are no other obligations (a) sold within 15 days before or after the date hereof, (b) sold pursuant to the same plan of financing with the Bonds based on the purposes and structure of the financing and (c) that will be paid out of substantially the same source of funds as will be used to pay the Bonds (determined without regard to the Letter of Credit or other guarantees from unrelated parties).

Section 8.3. Debt Service Funds. The Debt Service Funds will be (a) used primarily to achieve a proper matching of revenues and debt service within each Bond Year, and (b) depleted at least once each Bond Year to an amount not to exceed the greater of (i) the prior Bond Year’s earnings on the Debt Service Funds or (ii) 1/12th of the prior Bond Year’s debt service on the Bonds.

Section 8.4. Project Fund. Based in part on the certifications contained in Section 3.5 hereof, the Issuer expects that the amounts on deposit in the Project Fund will be completely exhausted no later than one year from the date hereof to pay for Qualified Project Costs. Amounts deposited in the Project Fund are not reasonably expected to be used to pay debt service on the Bonds or to be available for debt service in the event the Borrower encounters financial difficulties.

Section 8.5. No Election to Waive Unrestricted Investment Rights. The Issuer does not elect to waive any temporary period or minor portion allowance with respect to the Bonds, as provided in Section 1.148 2(h) of the Regulations.

Section 8.6. No Other Pledged Funds. The Borrower will not accumulate amounts of money in a fund or series of funds that is pledged or reasonably expected to be used or to be available to pay principal of or interest on the Bonds (or to replace funds used to pay principal of or interest on the Bonds) and that is not subject to the provisions of Section 1.148-1(c)(3)(ii)(A) or (B) of the Regulations (relating to certain “negative pledges”), other than amounts deposited in the Debt Service Funds.

Section 8.7. Minor Portion. The Minor Portion determined in connection with the Bonds has been calculated to be \$100,000, which is equal to the lesser of (a) 5% of the Sale Proceeds of the Bonds, or (b) \$100,000.

Section 8.8. No Replacement. No portion of the Proceeds of the Bonds will be used to replace any amounts invested in Nonpurpose Investments having a Yield in excess of the Bond Yield. No replacement proceeds (within the meaning of Section 1.148-1(c) of the Regulations) are expected to exist in connection with the Bonds because, in general, there are no amounts that would have been used for the purposes of the Bonds if the Bonds had not been issued and the Bonds will not be outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Bonds. As shown in Section 2.8 hereof, the maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

Section 8.9. No Abusive Arbitrage Device. The Issuer certifies that the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations thereunder, (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (b) increasing the burden on the market for tax-exempt obligations. Specifically, the Proceeds do not exceed the amount necessary to accomplish the governmental purpose of the Bonds, as set forth in Section 2.2 above; the Bonds are not issued earlier than necessary, as evidenced by the qualification of the Bonds for an initial temporary period, as shown in Section 3.5 above; and the Bonds will not be outstanding longer than necessary, as set forth in Section 8.8 above.

Section 8.10. No Intent to Redeem Prior to Maturity. The Issuer has no present expectation that it will receive or provide amounts to be used for the redemption of Bonds prior to maturity.

Section 8.11. Basis of Certification; Reasonableness; No Material Changes. This certification is based on facts, estimates and circumstances in existence on the date hereof, including the certifications of the Borrower set forth herein. To the Issuer’s knowledge, the conclusions, representations and expectations set forth in this certification with respect to the Borrower, the Project and the Bonds are reasonable and, to the Issuer’s knowledge, there are no facts, estimates or circumstances that would materially change such conclusions, representations and expectations.

**ARTICLE IX**  
**Investment of Proceeds**

Section 9.1. Fair Market Value.

(a) In General. The Borrower hereby directs the Trustee, whenever the Borrower shall direct the Trustee to purchase or sell, or cause any other party to purchase or sell, any Nonpurpose Investment, that such purchase or sale shall be made only at the fair market value of such Nonpurpose Investment. Except as described below, the fair market value of a Nonpurpose Investment is the price determined by reference to an established securities market for the investment, as of the date on which a contract to purchase or sell the investment becomes binding, at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. The price shall not be adjusted to take into account "administrative costs" of the investment (within the meaning of Section 1.148-5(e)(1) of the Regulations) except as permitted by Section 1.148-5(e)(2) of the Regulations. The fair market value of a United States Treasury obligation purchased directly from the United States Treasury is its purchase price.

(b) Guaranteed Investment Contracts. The Trustee and the Borrower shall not purchase or sell, or cause any party to purchase or sell, Nonpurpose Investments pursuant to a Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including an agreement to supply investments on two or more future dates (a "Guaranteed Investment Contract"), unless the following conditions are satisfied:

(i) a bona fide solicitation for a specified Guaranteed Investment Contract is made and at least three bona fide bids from providers of Guaranteed Investment Contracts that have no material financial interest in the issue are received;

(ii) the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees) is purchased;

(iii) the Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds;

(iv) the determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the reasonably expected drawdown schedule of the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) the terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable; and

(vi) the obligor on the Guaranteed Investment Contract certifies the administrative costs that are reasonably expected to be paid to third parties in connection with the Guaranteed Investment Contract.

(c) Certificates of Deposit. In the case of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, the fair market value of the certificate is its purchase price if the yield on the certificate is not less than (i) the yield on

reasonably comparable direct obligations of the United States, and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(d) Commingled Funds. Gross Proceeds of the Bonds may be invested in a Commingled Fund only if the Commingled Fund complies with the special accounting rules set forth at Section 1.148-6(e) of the Regulations. Generally, this requires that, not less frequently than as of the close of each fiscal period, all payments and receipts (including deemed payments and receipts) on investments held by a Commingled Fund must be allocated (but not necessarily distributed) among the different investors in the fund in accordance with a consistently applied, reasonable ratable allocation method. For this purpose, the term “investor” means each different source of funds invested in a Commingled Fund, and the term “fiscal period” means any consistent fiscal period adopted by the fund that does not exceed three months (e.g., a daily, weekly, monthly, or quarterly fiscal period). Examples of reasonable ratable allocation methods include methods that allocate payments and receipts in proportion to either (A) the average daily balances of the amounts in the Commingled Fund from different investors during a fiscal period or (B) the average of the beginning and ending balances of the amounts in the Commingled Fund from different investors for a fiscal period that does not exceed one month.

In the case of a Commingled Fund in which the Borrower, the Issuer and any Related Person own more than 25% of the beneficial interests in the fund, unless the weighted average maturity of all investments held by the fund during a particular fiscal year does not exceed 18 months (and the only investments held by the Commingled Fund during that time are obligations), the Commingled Fund must mark to market all its investments either on the last day of each fiscal year or on the last day of each fiscal period and distribute the gains and losses so determined among the investors.

The mark-to-market requirement does not apply to a Commingled Fund that operates exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the Issuer. In such a case, investments held by the Commingled Fund must be allocated ratably among the issues served by the Commingled Fund in accordance with one of the following methods: (A) the relative values of the bonds of those issues; (B) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (C) the relative original stated principal amounts of the outstanding issues. The Issuer must make any such required allocations at least every three years and as of each date that an issue first becomes secured by the commingled reserve. If relative original principal amounts are used to allocate, allocations must also be made on the retirement of any issue secured by the commingled reserve.

Section 9.2. Investments in Certain Federally Insured Accounts. Less than 5% of the Proceeds of the Bonds will be invested in deposits or accounts that are insured by any federally chartered corporation such as the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any successor to either of the foregoing, disregarding for this purpose investments in a bona fide debt service fund; investments in a reasonably required reserve fund; investments in United States Treasury obligations; investments for an initial temporary period until needed for the purposes for which the Bonds were issued; investments in a refunding escrow; and other investments permitted under the Code or the Regulations.

Section 9.3. General Yield Restriction. The Trustee will not, and the Borrower will not permit the Trustee to, invest any amounts constituting Gross Proceeds of the Bonds in investments having a Yield in excess of the Bond Yield, except as otherwise expressly permitted below. Notwithstanding the preceding sentence, the restrictions on investment yield contained in the following

paragraphs may be disregarded with respect to any amounts if, in the opinion of Bond Counsel, the provisions of Section 1.148-5(c) of the Regulations relating to yield reduction payments to the United States apply to such amounts and such payments are made in the amounts and at the times required by the Regulations.

Section 9.4. Costs of Issuance. Proceeds of the Bonds deposited in the Project Fund and applied to pay Costs of Issuance of the Bonds will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Sections 1.148-2(e)(2) and -9(d)(2)(iv) of the Regulations.

Section 9.5. Investment of Debt Service Funds. Amounts deposited in the Debt Service Funds will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Sections 1.148-2(e)(5)(ii) and -9(d)(2)(iv) of the Regulations.

Section 9.6. Investment of Project Fund. Prior to the date that is three years from the date hereof, Proceeds on deposit in the Project Fund shall be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Section 1.148-2(e)(2) of the Regulations. Unless otherwise advised by Bond Counsel, on and after the date that is three years from the date hereof, the Trustee shall invest any amounts remaining on deposit in the Project Fund in Tax-Exempt Bonds or, in the alternative, in Nonpurpose Investments having a Yield not in excess of 1/8 of 1% above the Bond Yield.

Section 9.7. Replacement Proceeds. No funds of the Borrower (including funds in existence on the date hereof and proceeds of any future sale of interests in the Project) will be pledged or otherwise set aside for the benefit of the Bank or the owners of the Bonds in a manner that causes such funds to be treated as “replacement proceeds” of the Bonds (within the meaning of Section 1.148-1(c) of the Regulations) unless such funds are invested at a Yield no higher than the Bond Yield or in Tax-Exempt Bonds.

Section 9.8. Investment Proceeds. Investment Proceeds of the Bonds may be invested without restriction as to Yield for a temporary period commencing upon the date of receipt thereof and ending one year thereafter pursuant to Section 148(c) of the Code and Section 1.148-2(e)(6) of the Regulations.

Section 9.9. Universal Cap on Value of Nonpurpose Investments Allocated to Bonds. The Issuer reasonably expects as of the date hereof that the universal cap under Section 1.148-6(b)(2) of the Regulations will not reduce the amount of Gross Proceeds allocable to the Bonds; therefore, the universal cap need not be applied on any date on which the Bonds have all of the following characteristics:

(a) no replacement proceeds are allocable to the Bonds, other than replacement proceeds in a *bona fide* debt service fund or a reasonably required reserve or replacement fund;

(b) the Net Sale Proceeds of the Bonds (i) qualify for one of the temporary periods available for capital projects, restricted working capital expenditures or pooled financings, and those Net Sale Proceeds are in fact allocated to expenditures prior to the expiration of the longest applicable temporary period, or (ii) are deposited in a refunding escrow and expended as originally expected;

(c) the Bonds do not refund a prior issue that, on any transfer date, has unspent proceeds allocable to it;



(d) none of the Bonds is retired prior to the date on which those Bonds are treated as retired in computing the Bond Yield; and

(e) no Proceeds are invested in qualified student loans or qualified mortgage loans.

Section 9.10. Valuation of Nonpurpose Investments and Bonds. The valuation of all Nonpurpose Investments hereunder (e.g., for purposes of computing transferred proceeds, the universal cap, the allocation of commingled funds, and the amount permitted to be invested as part of the Minor Portion or a reasonably required reserve or replacement fund) shall be done in accordance with Section 1.148 5(d) of the Regulations. The valuation of the Bonds hereunder (e.g., for purposes of the universal cap) shall be done in accordance with Section 1.148-4(e) of the Regulations.

Section 9.11. Issuer's Certification. Pursuant to Section 148 of the Code and the applicable Regulations, the Issuer hereby certifies, solely in reliance upon the certifications of the Borrower, that the statements set forth above represent its reasonable expectations on the date hereof with respect to the investment of the Proceeds.

## **ARTICLE X**

### **Arbitrage Rebate**

Section 10.1. Adequate Records.

(a) The Trustee shall maintain adequate records pertaining to all Funds and all transfers thereto, deposits therein, disbursements and transfers therefrom and earnings thereon, including the amount and source of each payment to, and the amount, purpose and payee of each payment from, each such Fund. With respect to each Nonpurpose Investment, the Trustee shall maintain a record of the Purchase Price, purchase date, type of security, accrued interest paid, interest rate, principal amount, date of maturity, interest payment date, date of liquidation and amount received upon liquidation. The Trustee shall furnish any Arbitrage Rebate Consultant engaged by the Borrower with such information as the Trustee then possesses and as shall be requested by that Arbitrage Rebate Consultant to enable the Arbitrage Rebate Consultant to complete any Arbitrage Rebate Report. Such records and all Arbitrage Rebate Reports filed with the Trustee shall be retained by the Trustee for at least six years following the payment and retirement of the Bonds.

(b) The Borrower shall maintain adequate records pertaining to all Gross Proceeds in its possession, showing the amount and source of each transfer of Gross Proceeds to, and the amount, purpose and payee of each payment of Gross Proceeds from, the Borrower. With respect to each Nonpurpose Investment, the Borrower shall maintain a record of the Purchase Price, purchase date, type of security, principal amount, date of maturity, interest rate, interest payment date, interest paid, date of liquidation and amount received upon liquidation. Copies of such records for the immediately preceding quarter shall be furnished to the Trustee no later than March 15, April 15, July 15 and October 15 of each year during which the Borrower holds Gross Proceeds; interim reports shall be filed with the Trustee as and when needed for purposes of computing the amount due the United States Government under this Article.

Section 10.2. Preparation of Arbitrage Rebate Reports. The Borrower, except as otherwise provided herein, shall cause an Arbitrage Rebate Consultant to prepare, promptly following each Arbitrage Determination Date, an Arbitrage Rebate Report with respect to the Bonds containing substantially all of the information contained in Exhibit H attached hereto. Copies of each such Report shall be furnished to the Issuer and the Trustee and copies of the work papers of the Arbitrage Rebate

Consultant relating to each such Report shall be furnished to the Issuer and the Trustee upon written request therefor (the Borrower hereby waives any claim of confidentiality with respect thereto). Each Arbitrage Rebate Report shall be dated as of such Arbitrage Rebate Determination Date and shall be numbered consecutively from “1” upward in chronological order.

Section 10.3. Deposits and Transfers. No later than five days following the delivery of each Arbitrage Rebate Report to the Trustee, the Borrower shall direct the Trustee to make such deposits and transfers as may be required by such Report, to the extent attributable to funds on deposit under the Indenture.

Section 10.4. Payments to United States.

(a) Except as otherwise provided herein, to the extent and at the time set forth on Line 4 and Note (7) of any Arbitrage Rebate Report, the Borrower shall make payment to the United States of any and all amounts due and owing to the United States. The Issuer or the Trustee, if either receives notice from the Internal Revenue Service, shall promptly notify the Borrower of the amount (the “Deficiency Amount”) necessary to make such payment to the United States of America. The Borrower shall pay the Deficiency Amount on a timely basis. Each such payment to the United States shall be mailed by certified mail, return receipt requested, postage prepaid, to the Internal Revenue Service Center, Ogden, Utah 84201-0027, and shall be accompanied by a completed and executed copy of Internal Revenue Service Form 8038-T.

(b) In addition, upon a Determination of Arbitrage Rebate Deficiency, the Borrower shall promptly pay to the United States the correct rebate amount plus interest and, if so required by the Internal Revenue Service, the applicable penalty.

Section 10.5. Six Month Exception. The reporting and payment provisions of this Article shall not be applicable to the Bonds if all of the Adjusted Gross Proceeds of the Bonds are expended for the purposes for which Bonds were issued, not including the redemption of Bonds, no later than the date that is six months after the date hereof; provided, however, that (i) an amount equal to the Minor Portion must be expended no later than the date that is one year after the date hereof; (ii) the reporting and payment provisions of this Article must be met for amounts not required to be spent within six months (excluding earnings on a bona fide debt service fund); and (iii) if any such Adjusted Gross Proceeds become available thereafter, the Issuer shall fully comply with the reporting and payment provisions of this Article with respect to such Adjusted Gross Proceeds.

Section 10.6. Eighteen Month Exception. The reporting and payment provisions of this Article shall not be applicable to the Bonds if all of the following requirements are satisfied:

(a) The Adjusted Gross Proceeds of the Bonds are spent in accordance with the following schedule:

<u>Number of Months After Date of Issuance</u>	<u>Percentage of Adjusted Gross Proceeds Expended</u>
6	15% or more
12	60% or more
18	100%

The foregoing schedule shall be treated as having been satisfied notwithstanding the fact that an amount not exceeding 5% of the Adjusted Gross Proceeds of the Bonds is withheld as a Reasonable Retainage

until no later than the date that is thirty months from the Date of Issuance. A failure to expend 100% of the Adjusted Gross Proceeds of the Bonds within eighteen months of the Date of Issuance shall be disregarded if the Company exercises due diligence to complete the Project and the amount of the failure does not exceed the lesser of 3% of the Issue Price or \$250,000. For purposes of determining compliance with the required spending percentages set forth in the foregoing schedule for the first two six-month spending periods, the amount of Investment Proceeds included in Adjusted Gross Proceeds of the Bonds shall be determined based on reasonable expectations as of the Date of Issuance regarding investment earnings rather than actual investment results.

(b) The reporting and payment provisions of this Article are complied with for any Gross Proceeds of the Bonds not required to be spent in accordance with the expenditure schedule set forth in paragraph (a) above (other than earnings on a bona fide debt service fund) and, in the event any Adjusted Gross Proceeds of the Bonds arise within eighteen months after the Date of Issuance, the reporting and payment provisions of this Article are complied with respect to any such Adjusted Gross Proceeds.

(c) All of the Adjusted Gross Proceeds of the Bonds qualify for the initial temporary period provided under Section 1.148-2(e)(2) of the Regulations -- that is, all of the facts and expectations set forth in Section 3.5 hereof prove to be correct.

#### Section 10.7. Twenty Four Month Exception.

The reporting and payment provisions of this Article shall not be applicable to the Bonds if all of the Available Construction Proceeds are spent in the percentages set forth below for the purposes of the Bonds within the periods shown:

<u>Number of Months After Date of Issuance</u>	<u>Percentage of Available Construction Proceeds Expended</u>
6	10% or more
12	45% or more
18	75% or more
24	100%

The foregoing schedule shall be treated as having been met notwithstanding the fact that an amount not exceeding 5% of the Available Construction Proceeds is withheld as a reasonable retainage (as defined in the Regulations) until no later than the date that is 36 months from the Date of Issuance. In Exhibit I hereto, the Issuer at the direction of the Borrower has made certain elections in connection with this paragraph. Unless the Issuer at the direction of the Borrower has elected in Exhibit I to satisfy the twenty-four month exception requirements on the basis of actual facts as they occur in the future, Available Construction Proceeds as of each six-month period will be computed using anticipated future earnings as of the date hereof. Regardless of the Issuer's election, Available Construction Proceeds as of the fourth six-month period will be computed using actual earnings.

Section 10.8. Bond Counsel Opinion. The reporting and payment provisions of this Article shall not be applicable if the Issuer receives an opinion of Bond Counsel (which opinion may be given in reliance upon a ruling or rulings of the Internal Revenue Service) to the effect that such payment is not necessary to preserve the exclusion of interest on the Bonds from the gross income of the owners thereof for Federal income tax purposes.

## **ARTICLE XI**

### **Miscellaneous**

Section 11.1. Appointment of Trustee as Attorney-In-Fact. The parties hereto acknowledge and agree that the continued exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of Federal income taxation is dependent upon, among other things, full compliance from and after the date hereof with the provisions and requirements of this Agreement. Each of the Issuer and the Borrower hereby irrevocably designates and appoints the Trustee as its true and lawful attorney, in its name, place and stead, to take all action that may be required to assure such full compliance in the event it fails to perform its obligations hereunder. It is expressly intended by the Issuer and the Borrower that the foregoing power of attorney is irrevocable and is coupled with an interest, and shall survive the sale or assignment of the Project by the Borrower.

Section 11.2. Limitation on Liability of Issuer and Trustee. No recourse shall be had for any claim based upon any obligation, covenant, representation or agreement contained herein against the Issuer, the State, any agency or political subdivision thereof, the Trustee, or any member, director, officer, employee or agent of the Issuer, the State, any agency or political subdivision thereof, or the Trustee, under any rule of law or equity, statutory or constitutional provision or by the enforcement of any penalty or assessment, it being understood that the Borrower expressly assumes all responsibility for full compliance with the terms and conditions of this Agreement. The Borrower agrees to indemnify and hold harmless the Issuer, the State, any agency or political subdivision thereof, and the Trustee (and all members, directors, officers, employees and agents of the Issuer, the State, any agency or political subdivision thereof, and the Trustee) against any losses, claims or liabilities, joint or several, to which the Issuer, the State, any agency or political subdivision thereof, or the Trustee (or such members, directors, officers, employees or agents) may become subject under Federal or state laws or regulations, or otherwise, insofar as such losses, claims, damages or liabilities arise as a result of, or are based upon, a breach of any obligation, covenant or agreement contained herein. The provisions of this paragraph shall not apply in the case of any gross negligence or willful misconduct on the part of any indemnified party.

**THE BONDS ARE NOT A GENERAL OBLIGATION OR INDEBTEDNESS OF METRO GOVERNMENT, THE COMMONWEALTH OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION AND THE LAWS OF THE COMMONWEALTH ARE PAYABLE SOLELY FROM THE LOAN REPAYMENTS TO BE MADE BY OR ON BEHALF OF THE BORROWER TO METRO GOVERNMENT PURSUANT TO THE LOAN AGREEMENT AND ANY SECURITY PLEDGED THEREFOR.**

Section 11.3. Responsibility of Trustee. By the execution of this Agreement, the Trustee shall be required to perform only such duties and take only such actions as are expressly set forth herein. The Trustee is executing and delivering this Agreement solely for the purpose of acknowledging the matters set forth in, and for being bound to undertake the duties and responsibilities set forth with respect to the Trustee in, the following Articles and Sections (including all Exhibits and Appendices referred to therein) of this Agreement: Article 1, Article 5, Article 9 (other than Sections 9.7, 9.9 and 9.11), Article 10 and Article 11. The Trustee's responsibilities herein shall be supplemental to those set forth in the Indenture.

Section 11.4. Fees and Expenses of Arbitrage Rebate Consultant; Appointment of Arbitrage Rebate Consultant by Issuer or Trustee. The Borrower agrees to pay the reasonable fees and expenses of any Arbitrage Rebate Consultant selected under this Agreement. If the Borrower fails to

engage an Arbitrage Rebate Consultant at the times herein required, the Issuer or the Trustee may engage an Arbitrage Rebate Consultant at the cost and expense of the Borrower.

Section 11.5. Reliance. The Borrower hereby certifies that (i) to the best of the Borrower's knowledge, information and belief, each of the facts, estimates and expectations set forth in this Agreement (including the Exhibits hereto) relating to the Borrower, the Project, and the Bonds is true and correct in all material respects as of the date hereof, (ii) to the best of the Borrower's knowledge, the Borrower's estimates and expectations set forth herein relating to the Project and the Bonds are reasonable, (iii) the Issuer may rely upon these representations in executing this Agreement, (iv) Wyatt, Tarrant & Combs, LLP, Bond Counsel, may rely upon these representations in delivering their opinion with respect to the exclusion from gross income of interest on the Bonds, and (v) to the best of the Borrower's knowledge, information and belief, there are no facts, estimates or circumstances that would materially change any of the facts, estimates or expectations stated in this Agreement in connection with the Project and the Bonds.

Section 11.6. Amendments. The parties hereto agree that this Agreement and the form of Arbitrage Rebate Report attached hereto shall be amended from time to time, without the consent of the registered owners of the Bonds, as shall be necessary, in the opinion of Bond Counsel, to preserve the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code or as shall be permissible, in the opinion of Bond Counsel, without impairing such exclusion. Any such amendment shall be made by a written instrument executed by the Issuer, the Borrower and the Trustee, and no such amendment shall be made other than in accordance with an opinion of Bond Counsel as described in the preceding sentence.

Section 11.7. Severability. If any clause, provision or section of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof.

Section 11.8. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.9. Notices. All notices, demands, communications and requests that may be or are required to be given hereunder or by any party hereto shall be given and shall have the same effect as provided in the Loan Agreement for notices given thereunder.

Section 11.10. Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Issuer, the Trustee and the Borrower.

Section 11.11. Headings. The headings of this Agreement are included for convenience of reference only and shall not be deemed to constitute a part of this Agreement.

Section 11.12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and, where applicable, the laws of the United States America.

IN WITNESS WHEREOF, the undersigned have hereunto subscribed this Agreement as of March \_\_, 2008.

LOUISVILLE/JEFFERSON COUNTY METRO  
GOVERNMENT

By: \_\_\_\_\_  
Mayor

APPROVED AS TO FORM AND LEGALITY:

Irv Maze  
Jefferson County Attorney

By: \_\_\_\_\_  
\_\_\_\_\_  
Assistant County Attorney

ROMAN CATHOLIC BISHOP OF LOUISVILLE

By: \_\_\_\_\_  
Sole Officer

THE BANK OF NEW YORK TRUST COMPANY,  
N.A., as Trustee

By: \_\_\_\_\_  
Vice President

## **SCHEDULE OF EXHIBITS**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
A	Definitions
B	Description of Project
C	Private Business Tests
D	Reimbursement Proceeds
E	Certificate of Underwriter
F	Certification of Borrower
G	Certificate of Bank
H	Form of Arbitrage Rebate Report
I	Arbitrage Rebate Elections

## EXHIBIT A

### DEFINITIONS

“Adjusted Gross Proceeds” means Gross Proceeds less amounts (i) in a *bona fide* debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the Date of Issuance, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period described in Article 10 of this Tax Compliance Agreement, (iv) representing Sale or Investment Proceeds derived from payments under any “purpose investment” (as defined in the Regulations) allocated to the Bonds, (v) representing payments of “grants” (as defined in the Regulations) financed by the Bonds, and (vi) with respect to the six-month spending exception described in Article 10 of this Tax Compliance Agreement, representing proceeds of prior bonds (if any) that become transferred proceeds of the Bonds, other than prior bond proceeds described in clauses (i) through (v) of this definition and other than proceeds of prior bonds that are taxable bonds.

“AMT Bond” means a specified private activity bond described in Section 57(a)(5)(C) of the Code.

“Arbitrage Rebate Determination Date” means each of the following dates: (a) every fifth anniversary of the Date of Issuance; and (b) the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid and retired.

“Arbitrage Rebate Consultant” means any person or firm expert in making the computations required under Section 148(f) of the Code.

“Arbitrage Rebate Report” means a report with respect to the Bonds in substantially the form set forth in Exhibit H attached hereto.

“Available Construction Proceeds” means Proceeds in the amount set forth in Election 1 of Exhibit I.

“Bank” shall have the meaning set forth in the Indenture.

“Bond Counsel” means Wyatt, Tarrant & Combs, LLP or any other counsel of nationally recognized standing in matters pertaining to tax-exempt bonds.

“Bond Fund” means the Bond Fund established under the Indenture.

“Bond Year” means the initial period beginning on the Date of Issuance and ending on March 1, 2009 (or such other date as may be selected by the Borrower and permitted under the Regulations), and thereafter each one year period ending on March 1 (or such other date as may be selected by the Borrower and permitted under the Regulations).

“Bond Yield” means the yield on the Bonds calculated in accordance with Regulations Section 1.148-4.

“Bonds” has the meaning specified in the preamble to this Tax Compliance Agreement.

“Commingled Fund” means any fund or account if (i) the fund or account contains both Gross Proceeds of the Bonds and amounts in excess of \$25,000 that are not Gross Proceeds of the Bonds, and (ii) amounts in the fund or account are invested collectively without regard to the source of funds



deposited in the fund or account. For this purpose, an open-end regulated investment company (as defined in Section 851 of the Code) is not a Commingled Fund.

“Costs of Issuance” means and includes all costs and expenses of issuance of the Bonds, including, but not limited to: (i) Underwriter’s discount and fees; (ii) fees and expenses of the Issuer (iii) counsel fees, including bond counsel, Underwriter’s counsel, Issuer’s counsel, Borrower’s counsel, Trustee’s counsel and special tax counsel fees; (iv) financial advisor fees; (v) rating agency fees; (vi) paying agent and authenticating agent fees related to issuance of the Bonds; (vii) Trustee fees and expenses; (viii) accountant and verification fees; (ix) printing costs of the Bonds and of the preliminary and final offering statements; (x) publication costs associated with the public approval of the Bonds; and (xi) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

“Current Law Expenditures” has the meaning set forth in Exhibit D.

“Date of Issuance” means March \_\_\_, 2008.

“Debt Service Funds” means collectively the Bond Fund, the Remarketing Reimbursement Fund, and the Redemption Sinking Fund.

“*De Minimis* Expenditures” has the meaning set forth in Exhibit D.

“Determination of Arbitrage Rebate Deficiency” means a judgment or order of a court of competent jurisdiction, or a final ruling, technical advice or decision of the Internal Revenue Service, or a written opinion of Bond Counsel, to the effect that insufficient amounts have been paid to the United States under Section 148(f) of the Code and stating the amount of the deficiency (including interest and penalties, if any) then due. For purposes of this definition, a ruling or decision of the Internal Revenue Service shall be considered final if no appeal or action for judicial review thereof has been filed and the time for filing of such appeal has expired.

“501(c)(3) Organization” means any corporation organized under the laws of the United States of America, or any state thereof, that is an organization described in Section 501(c)(3) of the Code, is exempt from Federal income taxes under Section 501(a) of the Code, and is not a “private foundation” within the meaning of Section 509(a) of the Code, or corresponding provisions of Federal income tax laws from time to time in effect.

“Funds” means the funds established by the Indenture.

“Gross Proceeds” means: (i) Proceeds; (ii) amounts held from time to time in any of the Funds, including Investment Proceeds derived therefrom; and (iii) “replacement proceeds” within the meaning of Section 1.148-1(c) of the Regulations, regardless of whether any such amounts are held by the Trustee, the Borrower or any other party.

“Investment Proceeds” generally means amounts actually or constructively received from investing the Proceeds and from reinvesting any such earnings.

“Investment Property” means any security, obligation, annuity contract, or investment-type property, including certain prepayments (as provided in Section 1.148-1(b) of the Regulations), that is held principally as a passive vehicle for the production of income, other than any Tax-Exempt Bond.

“Issue Price” means the initial offering price at which a substantial amount of the Bonds was sold by the Underwriter, computed as described in Regulations Section 1.148-1(b).

“Letter of Credit” shall have the meaning set forth in the Indenture.

“Loan Agreement” means the Loan Agreement of even date herewith between the Issuer and the Borrower.

“Minor Portion” has the meaning specified in Section 8.7 of this Tax Compliance Agreement.

“Net Sale Proceeds” means Sale Proceeds, less the portion of those Sale Proceeds invested in a reasonably required reserve or replacement fund or as part of a Minor Portion.

“Nongovernmental Person” means any individual or entity other than a state or local governmental unit.

“Nonpurpose Investment” means any Investment Property other than a “purpose investment” (as defined in the Regulations) acquired with Gross Proceeds of the Bonds, but shall not include the Loan Agreement or the Note.

“Non-Qualified Costs” means Costs of Issuance; bond insurance premiums, letter of credit fees and similar credit enhancement costs that are not treated as Costs of Issuance; and costs incurred to acquire, construct and install the Project (including any capitalized interest attributable thereto) that do not constitute Qualified Project Costs.

“Note” means the Project Note as defined in the Indenture.

“Placed in Service” means, with respect to a facility, the condition or state of readiness and availability of the entire facility for its specifically assigned function.

“Principal User” means any person who, at any time during the three year period beginning on the later of (i) the date the Project is Placed in Service, or (ii) the Date of Issuance, is a “principal owner,” a “principal lessee,” a “principal output purchaser” or an “other principal user” of the Project, as defined in Section 1.103-10(h) of the Regulations. In general, such Regulations provide as follows:

A “principal owner” is a person who owns (as determined under general Federal income tax principles) more than 10% of the value of a facility, or, if no person owns a greater than 10% interest in the facility, the person who holds the largest ownership interest in the facility.

A “principal lessee” is a person who leases more than 10% of a facility, generally determined on the basis of the facility’s fair rental value, pursuant to a lease with a duration of more than one year (including renewal options).

A “principal output purchaser” is a person who purchases more than 10% of the annual output of an electric or thermal energy, gas, water or similar facility.

An “other principal user” is a person whose use of a facility is similar to that of a “principal owner” or a “principal lessee” in light of the circumstances surrounding the use of the facility.

Generally, any person (including the Borrower) with any interest, as owner, lessee, purchaser, or otherwise, in more than 10% of a facility (or, if no person owns 10% of the facility, the largest ownership interest in the facility, even if less than 10%), is treated as a Principal User of the facility. Any person that is a Related Person to a Principal User is treated as a Principal User.

“Prior Debt” means the Term Note dated October 1, 2007 made by the Borrower to Fifth Third Bank, an Ohio banking corporation, the proceeds of which were used by the Borrower to acquire the Project Site.

“Prior Expenditures” has the meaning set forth in Exhibit D.

“Proceeds” means Sale Proceeds, Investment Proceeds and transferred proceeds (as defined in Regulations Section 1.148-9).

“Project” means the Project Site and the buildings described in Exhibit B.

“Project Site” means the parcel of land comprising the site of the Project, as more particularly described in the Loan Agreement.

“Purchase Price” means the fair market value of a Nonpurpose Investment on the date it is purchased, or, if later, the date on which the Nonpurpose Investment is allocated to the Bonds, regardless of the amount actually paid for such Nonpurpose Investment, without taking into account fees and commissions paid in connection with the acquisition of such Nonpurpose Investment except as permitted under Section 1.148 5(d) of the Regulations.

“Qualified Project Costs” means, generally, capital expenditures paid or incurred following the issuance of the Bonds (except as specifically permitted under Section 1.150-2 of the Regulations) to provide facilities that are (i) owned by the Borrower, one or more other 501(c)(3) Organizations, or a governmental unit, and (ii) used by the Borrower or another 501(c)(3) Organization in activities that do not constitute an Unrelated Trade or Business of the Borrower or the user.

“Redemption Sinking Fund” means the Redemption Sinking Fund established under the Reimbursement Agreement.

“Reimbursement Agreement” shall have the meaning set forth in the Indenture.

“Related Person” means (i) with respect to persons and entities other than governmental units and 501(c)(3) Organizations, persons and entities that are related in the manner described in Section 144(a)(3) of the Code and Section 1.103-10(e) of the Regulations and (ii) with respect to governmental units and 501(c)(3) Organizations, members of the same group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Section 1.150-1(e) of the Regulations.

“Sale Proceeds” means (i) any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters’ discount or compensation but excluding accrued interest that is to be paid within one year of the Date of Issuance, and (ii) amounts derived (on or after the date hereof) from the sale of a right that is associated with the Bonds (such as the Issuer’s right to prepay the Bonds).

“Spendable Proceeds” means Net Sale Proceeds.

“State” means the Commonwealth of Kentucky.

“Tax-Exempt Bond” means (i) any obligation, the interest on which is excludable from the gross income of the owner thereof for Federal income tax purposes, other than an AMT Bond, (ii) a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR Part 344, and (iii) an interest in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is interest that is excludable from gross income under Section 103(a) of the Code.

“Transcript of Proceedings” means the compilation of documents, dated the Date of Issuance, relating to the authorization and original issuance of the Bonds.

“Transition Rule Expenditures” has the meaning set forth in Exhibit D.

“Unrelated Trade or Business” means an unrelated trade or business within the meaning of Section 513 of the Code.

“Underwriter” means Fifth Third Securities, Inc., as underwriter of the Bonds.

“Value,” in reference to a Nonpurpose Investment, means the value of the Nonpurpose Investment as determined under Section 1.148-5(d) of the Regulations.

“Yield” means, with respect to the Bonds, the Bond Yield and, with respect to any other obligation or Investment Property, the yield calculated in accordance with Regulations Section 1.148-5(b).

## EXHIBIT B

### DESCRIPTION OF PROJECT

The Proceeds of the Bonds will be used to prepay the Prior Debt, the proceeds of which were used by the Borrower to acquire the Project Site, and to pay or reimburse costs of constructing on the Project Site (i) an approximately 57,000 square foot building to contain 24 classrooms, a cafeteria, and administrative office space, (ii) a 10,000 to 12,000 sq. ft. building (except for the gymnasium to be contained therein, which shall not be part of the Project) to contain meeting rooms and additional office space, and (iii) parking lots and other site improvements, all for use as the campus of a private school to be operated by the Borrower and to be named St. Mary Academy, offering kindergarten through grade eight and pre-school for three and four year olds.

The estimated costs of the Project to be paid with the Sale Proceeds of the Bonds and the projected schedule of expenditures are as follows:

<u>Item</u>	<u>Amount</u>	<u>Project Final Expenditure Date</u>
1. Prepay Prior Debt	\$ 2,500,000.00	Issuance Date
2. Qualified Project Costs	<u>7,600,000.00</u>	12/31/09
Sale Proceeds	<u>\$10,100,000.00</u>	

## EXHIBIT C

### PRIVATE BUSINESS TESTS

(a) Private Business Use Test.

- (1) Any activity carried on by a Nongovernmental Person that is not a natural person is treated as a trade or business.
- (2) In determining whether Proceeds will be used in a trade or business, the following uses are not taken into account: (i) use as a member of the general public; (ii) incidental use of not more than 2-1/2% of Proceeds, provided that such use (A) does not involve the transfer to any Nongovernmental Person of possession and control over a physically separate space; (B) is not related to any use of a physically separate space in the facility by that Nongovernmental Person; and (iii) use of Proceeds to finance the rehabilitation of existing buildings, their structural components or related land.
- (3) In determining whether Proceeds are used in a trade or business, bond-financed Costs of Issuance are allocated pro rata between governmental and trade or business uses.
- (4) A person may be treated as a user of Proceeds as a result of ownership of a bond-financed facility or of actual or beneficial use of that facility pursuant to a lease, a management contract or an arrangement such as a take-or-pay or output contract.
- (5) All Nongovernmental Persons who are related within the meaning of Section 144(a)(3) of the Code are treated as one person.

(b) Private Payment Test. The total of (1) the present value, as of the Date of Issuance, of any payments to be made for any use of Proceeds by any Nongovernmental Person in its trade or business; and (2) the present value, as of the date of issuance, of any payments with respect to property used or to be used by a Nongovernmental Person in its trade or business which secure the payment of principal of or interest on the Bonds, must be no more than 5% of the present value of debt service on the Bonds.

## **EXHIBIT D**

### **REIMBURSEMENT PROCEEDS**

#### **A. Expenditures**

“Prior Expenditures” are all costs paid prior to the Date of Issuance and financed with the proceeds of the Bonds. Prior Expenditures must satisfy the following requirements:

(a) the Prior Expenditures are capital expenditures, Costs of Issuance, extraordinary, nonrecurring working capital costs that are not customarily payable from current revenues, grants, qualified student loans, qualified mortgage loans or qualified veterans’ mortgage loans;

(b) the allocation of Proceeds to the Prior Expenditures is not an abusive arbitrage device under Section 1.148-10 of the Regulations to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code; and

(c) during the one-year period following an allocation of Proceeds to the Prior Expenditures, the Issuer will not use funds corresponding to the proceeds of the reimbursement bonds from which a reimbursement allocation was made in a manner that results in the creation of replacement proceeds (as defined in Section 1.148-1 of the Regulations) of any issue (e.g., by creating a sinking fund for an issue).

#### **B. Current Law Expenditures**

“Current Law Expenditures” are Prior Expenditures that were paid after June 30, 1993, and that satisfy the following requirements in addition to those in Paragraph A above:

(d) not later than 60 days after payment of any Current Law Expenditures, the Issuer or the Borrower adopted an official intent resolution for the Current Law Expenditures in a reasonable form generally describing the project for which the Current Law Expenditures were paid (or identifying, by name and functional purpose, the fund or account from which the Current Law Expenditures were originally paid) and stating the maximum principal amount of obligations expected to be issued for the Project.

(e) on the date of the Issuer’s or the Borrower’s declaration of official intent, the Issuer or the Borrower, respectively, had a reasonable expectation that it would reimburse the Current Law Expenditures with the Proceeds of the Bonds; the official intent was not declared as a matter of course or in an amount substantially in excess of the amounts expected to be necessary for the Project; and the Issuer or the Borrower has not established a pattern of failure to reimburse actual original expenditures covered by declarations of official intent (other than in extraordinary circumstances); and

(f) the Date of Issuance is no later than 18 months after the later of (i) the date the Current Law Expenditures were originally paid, or (ii) the date the portion of the Project for which the Borrower is being reimbursed was placed in service or abandoned (but in no event more than three years after the Current Law Expenditures were originally paid).

C. De Minimis Expenditures

“De Minimis Expenditures” are Prior Expenditures that constitute Costs of Issuance plus an amount not in excess of the lesser of \$100,000 or 5% of the Proceeds of the New Money Bonds.

D. Preliminary Expenditures

“Preliminary Expenditures” are Prior Expenditures that constitute expenditures for architectural, engineering, surveying or soil testing services, costs of issuing the portion of the Bonds allocated to reimburse Prior Expenditures, or similar costs that were paid prior to commencement of construction, rehabilitation, or acquisition of the Project (other than land acquisition, site preparation, and similar costs incident to commencement of construction), up to an amount equal to 20% of the Issue Price of the New Money Bonds.

E. Transition Rule Expenditures

“Transition Rule Expenditures” are Prior Expenditures that satisfied the applicable provisions of Section 1.103-8(a)(5) of the Regulations as in effect prior to July 1, 1993, and were made prior to that date; or that satisfied the applicable provisions of Section 1.103-18 of the Regulations as in effect between January 22, 1992, and June 30, 1993, and were made during that period; and that satisfy the following requirements:

(g) prior to the payment of any Transition Rule Expenditures, the Issuer or the Borrower adopted a declaration of official intent, a bond resolution, or some other similar official action complying with the requirements of the law in effect at the time; and

(h) the Date of Issuance is no later than 18 months after the later of (i) the date the Transition Rule Expenditures were originally paid, or (ii) the date the portion of the Project for which the Borrower is being reimbursed was placed in service or abandoned (but in no event more than three years after the Transition Rule Expenditures were originally paid).



## EXHIBIT D-1

### DECLARATION OF INTENT OF ROMAN CATHOLIC BISHOP OF LOUISVILLE, A KENTUCKY NONPROFIT CORPORATION, TO INCUR CAPITAL EXPENDITURES TO ACQUIRE AND CONSTRUCT FACILITIES FOR A NEW PARISH AND SCHOOL AT NORTON COMMONS AND TO BE REIMBURSED FOR SUCH EXPENDITURES FROM THE PROCEEDS OF INDEBTEDNESS TO BE INCURRED BY THE CORPORATION

Acting by unanimous consent in lieu of a meeting, pursuant to KRS 273.377, all of the members of the Board of Directors of Roman Catholic Bishop of Louisville (the “Archdiocese”), a Kentucky nonprofit corporation, do hereby adopt the following recitals and resolutions:

#### Recitals

A. The Archdiocese has undertaken a capital project consisting of the purchase at a cost of \$2,500,000 of a parcel of approximately 5 acres on Kentucky Highway 1694 in the Norton Commons development in northeastern Jefferson County, Kentucky (and the acceptance of a donation from Norton Commons, LLC of an additional contiguous parcel of approximately 7.5 acres) and the construction and equipping thereon of a new parish center and elementary school (such capital project being hereinafter referred to as the “Project”).

B. The Archdiocese intends to incur capital expenditures for the Project from its general funds or using borrowed funds and to reimburse itself in whole or in part for any such general fund expenditures, and to refinance all or a portion of any taxable borrowing, from the proceeds of a tax-exempt industrial revenue bond issue or other indebtedness to be incurred by the Archdiocese for the Project in a total estimated principal amount of \$10,000,000 to \$12,500,000.

C. Section 1.150-2 of the Federal Income Tax Regulations (the “Regulation”) provides that, in order to be eligible for tax-exempt financing, a corporation’s expenditures intended to be reimbursed from the proceeds of indebtedness to be incurred by the corporation in the future must generally be preceded by a resolution of the board of directors of the corporation declaring that intention.

#### Resolution

In order to comply with the requirements of the Regulation, the Board of Directors of the Archdiocese hereby declares the reasonable expectation and intent of the Archdiocese that any general fund expenditures of the Archdiocese for the Project shall be reimbursed from indebtedness to be incurred by the Archdiocese in a total principal amount not expected to exceed \$12,500,000.

IN WITNESS WHEREOF, the undersigned, being all of the members of the Board of Directors of Roman Catholic Bishop of Louisville have subscribed this instrument as of the date set forth below.

/s/ \_\_\_\_\_  
Brian B. Reynolds

/s/ \_\_\_\_\_  
B. J. Breen

/s/  
Robert L. Ash

Dated: September 25, 2007

## EXHIBIT E

### CERTIFICATE OF UNDERWRITER

Re: \$10,100,000  
Louisville/Jefferson County Metro Government  
Adjustable Rate Industrial Building Revenue Bonds, Series 2008  
(St. Mary Academy Project)

Defined terms used in this certificate have the respective meanings set forth in the Tax Compliance Agreement of even date herewith relating to the above-referenced Bonds. The undersigned, as the Underwriter for the Bonds, hereby certifies as follows:

A. Issue Price

The initial offering price of the Bonds to the public (excluding bond houses, brokers, and other intermediaries), at which price a substantial amount (at least 10%) of the Bonds has been sold, is the principal amount thereof (\$10,100,000).

B. Information for IRS Form 8038

Average Weighted Maturity of the Bonds: \_\_\_\_\_ years

CUSIP Number of the Bonds: \_\_\_\_\_

C. Letter of Credit

The present value of the fees paid and to be paid for the Letter of Credit are less than the present value of the interest on the Bonds expected to be saved as a result of using the Letter of Credit to secure the Bonds over their term, using as the discount rate the expected yield on the Bonds and treating the fees paid and to be paid for the Letter of Credit as interest paid on the Bonds. The fees paid and to be paid for the Letter of Credit are in an amount which does not exceed a reasonable charge for the transfer of credit risk (taking into account payments charged by issuers of letters of credit in comparable transactions, including transactions in which the issuer of the letter of credit has no involvement other than as the issuer of a letter of credit).

It is understood by the undersigned that the certifications contained herein will be relied upon by the Issuer and Bond Counsel in determining that the Bonds are tax-exempt under Section 103 of the Internal Revenue Code.

FIFTH THIRD SECURITIES, INC.

By: \_\_\_\_\_  
Vice President

Dated: March \_\_, 2008

## EXHIBIT F

### CERTIFICATE OF BORROWER

March 31, 2008

Louisville/Jefferson County Metro Government  
527 W. Jefferson Street  
Louisville, Kentucky 40202-2814

Re: \$10,100,000  
Louisville/Jefferson County Metro Government  
Adjustable Rate Industrial Building Revenue Bonds, Series 2008  
(St. Mary Academy Project)

Ladies and Gentlemen:

In connection with the original issuance and delivery today of the above-referenced Bonds, we have been asked to calculate the “average reasonably expected economic life” of the facilities being financed or refinanced with the proceeds of the Bonds (the “Project”) in accordance with the provisions of Section 147(b) of the Internal Revenue Code (the “Code”). This calculation will be relied on by Wyatt, Tarrant & Combs, LLP, in rendering its opinion that interest on the Bonds is excluded from the gross income of the holders thereof for Federal income tax purposes. All capitalized terms used herein shall have the meanings set forth for them in the Tax Compliance Agreement of even date herewith relating to the Bonds.

The schedules attached hereto set forth information relating to the Project pertinent to the computation of the average reasonably expected life thereof. In computing the average reasonably expected economic life of the Project, we have multiplied the cost of each class of assets by its life, to arrive at its weighted cost. The total weighted cost of the assets financed with proceeds of the Bonds, divided by the total cost of such assets, is the average reasonably expected economic life of the assets financed with proceeds of the Bonds, which we have calculated as shown on the attached schedules to be 38.611 years.

We have also been asked to provide the following information with respect to the Project for inclusion in the Form 8038 to be filed with the Internal Revenue Service upon issuance of the Bonds:

<u>Type of Property</u>	<u>Bond-Funded Cost</u>
Land	\$2,500,000
Building and Structures	7,600,000
Equipment with a recovery period of more than 5 years	-0-
Equipment with a recovery period of 5 years or less	____-0-____
Total Nonrefunding Proceeds	<u>\$10,100,000</u>

The federal Employer Identification Number (EIN) of Roman Catholic Bishop of Louisville is 61-0447247.

The North American Industry Classification Code for the Project is 611110 (Elementary and Secondary Schools).

Yours truly,

ROMAN CATHOLIC BISHOP OF LOUISVILLE

By: \_\_\_\_\_  
Sole Officer

**ST. MARY ACADEMY**

**Economic Life of Bond-Financed Property  
Per §147(b) of the Code**

(1) <u>Property</u>	(2) <u>Cost</u>	(3) Economic Life <u>(years)</u>	(4) <u>(2) x (3) =</u>
Land <sup>1</sup>	--	--	--
Buildings	\$7,100,000	40 <sup>2</sup>	284,000,000
Site Improvements	<u>500,000</u>	15 <sup>2</sup>	<u>7,500,000</u>
TOTAL	<u>\$7,600,000</u>		<u>291,500,000</u>

Economic Life = (4) ÷ (2) = 291,500,000 ÷ \$7,600,000 = 38.355 years

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<sup>1</sup> Cost of land (\$2,500,000) is less than 25% of net proceeds of Bonds (\$10,100,000 x 25% = \$2,525,500) and therefore, per Code § 147(b)(3), is not taken into account.

<sup>2</sup> Depreciation period to be used by the Borrower for financial accounting purposes.

## EXHIBIT G

### CERTIFICATE OF BANK

March \_\_, 2008

Re: \$10,100,000  
Louisville/Jefferson County Metro Government  
Adjustable Rate Industrial Building Revenue Bonds, Series 2008  
(St. Mary Academy Project)

The undersigned, an officer of Fifth Third Bank, an Ohio banking corporation (the "Bank") makes the following certifications with respect to the Irrevocable Transferable Letter of Credit, of even date herewith, issued by the Bank in favor of The Bank of New York Trust Company, N.A., as Trustee under the Trust Indenture dated as of March 1, 2008 (the "Indenture") between the Louisville/Jefferson County Metro Government and said Trustee, pursuant to which the above-referenced Bonds (the "Bonds") will be issued and secured. Terms used and not defined herein have the same meanings as in the Indenture.

1. The Letter of Credit is an irrevocable obligation of the Bank to make payment to the Trustee of up to the amounts therein specified with respect to (a) the principal amount of the Bonds outstanding to enable the Trustee to pay, (i) the principal amount of the Bonds when due at maturity or upon redemption or acceleration, (ii) an amount equal to the principal portion of the purchase price of any Bonds or Beneficial Ownership Interests tendered for purchase by the Holders or Beneficial Owners thereof, plus (b) the amount of interest due on the Bonds, but not to exceed 45 days accrued interest at the maximum rate of 10% per annum, to enable the Trustee to pay (i) interest on the Bonds when due and (ii) an amount equal to the interest portion, if any, of the purchase price of any Bonds or Beneficial Ownership Interests tendered for purchase by the Holders or Beneficial Owners thereof.

2. The fees paid or to be paid to the Bank in respect of the Letter of Credit (the "Fees") represent a charge for the transfer of credit risk, were determined in arm's length negotiations and are required to be paid as a condition to the issuance of the Letter of Credit.

3. No portion of the Fees represents a payment for any direct or indirect services other than the transfer of credit risk, such as payment for the cost of placing the Bonds or for the cost of casualty insurance for the property to be financed from the proceeds of the Bonds.

4. No portion of the Fees are refundable upon redemption of the Bonds prior to maturity (except for any refund that would not exceed the portion of the Fees that had not been earned).

5. The Bank is not a co-obligor on the Bonds and, based on information provided by the Borrower to the Bank regarding the financial condition of the Borrower, does not expect to make any payments under the Letter of Credit which will not be immediately reimbursed to the Bank by the Borrower.

6. The Bank and any related parties to the Bank will not use more than 10% of the proceeds of the Bonds.

Very truly yours,

FIFTH THIRD BANK

By: \_\_\_\_\_  
Vice President



## EXHIBIT H

### FORM OF ARBITRAGE REBATE REPORT

Report No. \_\_\_\_\_

1. Rebate Determination Date (1): \_\_\_\_\_, \_\_\_\_
2. Bond Yield (2): \_\_\_\_\_%
3. Net Arbitrage Rebate by Fund:

<u>Fund</u>	<u>Future Value of Nonpurpose Receipts (3)</u>	<u>Future Value of Nonpurpose Payments (4)</u>	<u>Net Arbitrage Earnings (5)</u>
Bond Fund (6)	\$_____	\$_____	\$_____
Remarketing			
Reimbursement Fund (6)	_____	_____	_____
Redemption Sinking Fund (6)	_____	_____	_____
Project Fund	_____	_____	_____
TOTAL	\$_____	\$_____	\$_____
4. Rebate Amount (7)			\$_____

## Notes and Instructions

- (1) An Arbitrage Rebate Determination Date is (a) every fifth anniversary of the Date of Issuance and (b) the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid and retired.
- (2) The Bond Yield shall be computed in accordance with Regulations Section 1.148-4.
- (3) “Future Value of Nonpurpose Receipts” means, in general terms, the future value, as of the Arbitrage Rebate Determination Date, of all amounts received on or before the Arbitrage Rebate Determination Date with respect to Nonpurpose Investments allocated to the Bonds. All calculations necessary to determine the Future Value of Nonpurpose Receipts must be made in compliance with the rules set forth in Regulations Section 1.148-3 and the Regulations cited therein.
- (4) “Future Value of Nonpurpose Payments” means, in general terms, the future value, as of the Arbitrage Rebate Determination Date, of all amounts paid on or before the Arbitrage Rebate Determination Date with respect to Nonpurpose Investments allocated to the Bonds, including computation credits, if any. All calculations necessary to determine the Future Value of Nonpurpose Payments shall be made in compliance with the rules set forth in Regulations Section 1.148-3 and the Regulations cited therein.
- (5) Calculate the difference between Future Value of Nonpurpose Receipts and Future Value of Nonpurpose Payments for each Fund. Net Arbitrage Rebate Earnings for any Fund may be a negative number.
- (6) Future Values of Nonpurpose Receipts and Payments allocable to any bona fide debt service fund are not to be taken into account in computing the amount due to the United States except in years in which the earnings in such funds exceed \$100,000.
- (7) On or before the 60th day following the fifth Bond Year and every fifth Bond Year thereafter, an amount not less than 90% of the amount set forth in Line 4 must be remitted to the Internal Revenue Service. In addition, on or before the 60th day following retirement of the Bonds, 100% of such amount must be remitted to the Internal Revenue Service. For mailing instructions, see the Tax Compliance Agreement.

## EXHIBIT I

### ARBITRAGE REBATE ELECTIONS

The following elections are made by the Louisville/Jefferson County Metro Government (the “Issuer”) at the direction of Roman Catholic Bishop of Louisville (the “Borrower”) in connection with the Louisville/Jefferson County Metro Government, Adjustable Rate Industrial Building Revenue Bonds, Series 2008 (St. Mary Academy Project) (the “Bonds”), pursuant to the provisions of Section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the “Code”) and the Regulations promulgated thereunder. This schedule of Arbitrage Rebate Elections comprises a portion of the books and records maintained by the Issuer with respect to the Bonds. Each election made herein is irrevocable, has the force and effect contemplated by the provision of the Code and Regulations cited, and is made as of the date shown below, which is the date of issuance of the Bonds.

7. Satisfaction of Construction Issue Tests on the Basis of Actual Facts. To satisfy, on the basis of actual facts (as opposed to the Borrower’s reasonable expectations as of the date of issuance of the Bonds), the requirement that at least 75% of the Available Construction Proceeds of the Bonds (or the portion of the Bonds treated as a “construction subissue” pursuant to Election 3) are spent for “construction expenditures” (as defined in the Regulations) with respect to property owned by a governmental unit or a 501(c)(3) Organization, including all related provisions of the Regulations that would otherwise apply based on the Borrower’s reasonable expectations, in accordance with Section 1.148-7(f)(2) of the Regulations.

If this Election is negative, the Borrower hereby certifies that (a) it reasonably expects that at least 75% of the Available Construction Proceeds, including reasonably anticipated earnings, will be used for “construction expenditures” as defined in the Regulations (i.e., generally, capital expenditures that are properly chargeable to real property other than land, or to “constructed personal property”) with respect to property owned by a governmental unit or a 501(c)(3) Organization, (b) it will include in Available Construction Proceeds the amount of earnings that the Borrower reasonably expects, as of the date of issuance of the Bonds, to earn during the entire 24-month spending period (in lieu of including actual earnings and expected earnings as of the end of each spending period) for purposes of determining whether the spending requirements have been met as of the end of each of the first three spending periods, in accordance with Section 1.148-7(i)(3) of the Regulations, and (c) it reasonably expects the earnings includable in the Available Construction Proceeds during the 24-month period beginning on the date of issuance of the Bonds to be \$75,511.

“Available Construction Proceeds” means the amount in Line (6) below, as calculated from time to time as follows:

(1) Issue Price of the Bonds (or the construction subissue) [see Election 3]	\$7,600,000
(2) Plus: Anticipated Earnings on the Amount in (1) above	_____
(3) Less: Amount in (1) above Deposited in Any Reasonably Required Reserve or Replacement Fund	-0-
(4) Less: Amount in (1) above Used to Pay Costs of Issuance Other than the Initial Fee for the Letter of Credit [see Election 3]	\$-0-
(5) Total Anticipated Available Construction Proceeds	7,600,000
(6) 75% of Amount in (5) above	_____

**Election 1:    Yes \_\_\_\_    No X**

8.     Earnings on a Reasonably Required Reserve or Replacement Fund. To exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund during the period beginning on the date of issuance of the Bonds and ending on the earlier of the date construction is “substantially completed” (within the meaning of the Regulations) or the date that is two years after the date of issuance of the Bonds, in accordance with Section 148(f)(4)(C)(vi)(IV) of the Code and Section 1.148-7(i)(2) of the Regulations. [Note: If this Election is affirmative, earnings on reasonably required reserve or replacement funds are subject to rebate beginning on the date of issuance of the Bonds; if this Election is negative, such earnings are subject to rebate only after the period described in the Election but must be included in Available Construction Proceeds during that period.]

**Election 2:    Yes \_\_\_\_    No \_\_\_\_    N/A X**

9.     Designation of Construction Subissue. To treat the Bonds (other than the refunding portion thereof, if any) as two separate subissues, in accordance with Section 148(f)(4)(C)(v) of the Code and Section 1.148-7(j) of the Regulations. In support of this Election, the Borrower hereby certifies that: (a) one of the subissues will meet the requirement that 75% of Available Construction Proceeds be used for “construction expenditures” (as defined in the Regulations) with respect to property owned by a governmental unit or a 501(c)(3) organization; (b) the Borrower reasonably expects as of the date hereof that the subissue described in (a) will finance all of the “construction expenditures” to be financed by the Bonds.

**Election 3:    Yes X        No \_\_\_\_**

10.    Penalty in Lieu of Rebate. To pay a penalty to the United States in lieu of the obligation to pay arbitrage rebate on Available Construction Proceeds, in the event that the Borrower fails to satisfy the periodic spending requirements to qualify the Bonds for the 24-month exception, in accordance with Section 148(f)(4)(C)(vii) of the Code and Section 1.148-7(k) of the Regulations. The Borrower acknowledges that the penalty described in this Election, if applicable, ceases to apply only after the expenditure of all Available Construction Proceeds or after the last maturity of the Bonds, including any obligations that refund the Bonds, unless the penalty is terminated earlier pursuant to an irrevocable, written election to be made by the Borrower and maintained among the Borrower’s books and records pertaining to the Bonds, either: (a) after the initial temporary period for the Bonds (in accordance with Section 148(f)(4)(C)(viii) of the Code and Section 1.148-7(l)(1) of the Regulations) or (b) if earlier, after the substantial completion of the Project (in accordance with Section 148(f)(4)(C)(ix) of the Code and Section 1.148-7(l)(2) of the Regulations).

If this Election is affirmative, it is intended to satisfy the requirements of Rev. Proc. 92-22. Therefore: (a) this Schedule will be retained by the Borrower until six years after the retirement of all of the Bonds as part of the official record of the issuance of the Bonds; and (b) notice of this Election will be given to the Internal Revenue Service on the Form 8038 for the Bonds. Any future Election to terminate the penalty (as described above) will be made only in compliance with the requirements of Rev. Proc. 92-22 or such successor authority as may exist at the time.

**Election 4:    Yes \_\_\_\_    No X**

11.    Pooled Financing Bonds. To determine the periods for the spending requirements applicable to each loan in the case of pooled financing bonds separately, beginning on the earlier of the date the loan is made or the date that is one year following the date of issuance of the

Bonds, in accordance with Section 148(f)(4)(C)(xi) of the Code and Section 1.148-7(b)(6)(ii) of the Regulations. If this Election is affirmative, the Elections described above may be made separately for each loan on or before the date the loan is made (but not later than one year after the date hereof).

**Election 5:**    **Yes** \_\_\_\_    **No** \_\_\_\_    **N/A** **X**

This Schedule of Arbitrage Rebate Elections is intended to serve as an “election document” within the meaning of Revenue Procedure 92-22, 1992-1 C.B. 736. The following information is provided in compliance with the requirements of Rev. Proc. 92-22:

Issuer’s Name:	Louisville/Jefferson County Metro Government
Issuer’s Address:	527 W. Jefferson Street Louisville, Kentucky 40202-2814
Issuer’s EIN:	61-6001862
Issue’s Name:	Louisville/Jefferson County Metro Government Adjustable Rate Industrial Building Revenue Bonds, Series 2008 (St. Mary Academy Project)
Face Amount:	\$10,100,000
CUSIP:	_____
Issue Date:	March ____, 2008